

DECEMBER 4, 1989

THE DIRECTOR OF THE DIVISION OF STATE LANDS & FORESTRY TOOK FORMAL ACTION ON DECEMBER 4, 1989, AT 9:30 A.M. IN THE DIVISION OF STATE LANDS & FORESTRY OFFICE, 355 WEST NORTH TEMPLE, 3 TRIAD CENTER, SUITE 400, SALT LAKE CITY, UTAH 84180-1204, ON THE BELOW LISTED MINERAL AND SURFACE BUSINESS MATTERS AS INDICATED.

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MINERAL LEASE APPLICATIONS

OIL, GAS & HYDROCARBON MINERAL LEASE APPLICATION - APPROVED

Upon recommendation of Mr. Blake, the Director approved the Oil, Gas and Hydrocarbon lease application listed below at a rental of \$1.00 per acre per annum; royalty as provided in the lease form approved by the Board of State Lands. The application has been checked by the Mineral Division and found to be in order. The land status has been examined and the lands found to be open and available.

Min. Lease Appl. No. 44654	<u>T8N, R8W, SLB&M.</u>	Box Elder
Vern Jones	Bed of the Great	2560.00 acres
P.O. Box 753	Salt Lake in:	
Salt Lake City, Utah 84110	Sec. 17: All	
	Sec. 20: All	
	Sec. 28: All	
	Sec. 29: All	

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METALLIFEROUS MINERAL LEASE APPLICATIONS - APPROVED

Upon recommendation of Mr. Mansfield, the Director approved the Metalliferous Minerals lease applications listed below at a rental of \$1.00 per acre per annum; royalty as provided in the lease form approved by the Board of State Lands. The applications have been checked by the Mineral Division and found to be in order. The land status has been examined and the lands found to be open and available. The reassessment date for these leases is January 1, 2000.

Min. Lease Appl. No. 44594	<u>T22S, R18E, SLB&M.</u>	Grand
William A Pope, Jr	Sec. 2: All	1973.60
P.O. Box 1999	Sec. 16: All	
Farmington, NM 87499	Sec. 36: All	

REFUND: \$6.00

Min. Lease Appl. No. 44599	<u>T22S, R19E, SLB&M.</u>	Grand
William A. Pope, Jr	Sec. 16: All	640.00 acres
P.O. Box 1999		
Farmington, NM 87499		

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INTEREST ASSIGNMENT--OIL, GAS, AND HYDROCARBON LEASE

Upon recommendation of Mr. Bonner, the Director, approved the assignment of 40% interest in and to the Oil, Gas, and Hydrocarbon Lease listed below to Comdisco Exploration, Inc. (20%), and Raymond T. Duncan (20%), 1777 South Harrison Street, P-1, Denver, CO 80210, by Duncan Exploration Company. No override, but subject to 2.4999% overriding royalty previously reserved. The State assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: TOC ROCKY MOUNTAINS INC.--60%, AND
DUNCAN EXPLORATION COMPANY--40%

....ML 40789....

OVERRIDING ROYALTY ASSIGNMENT--OIL, GAS, AND HYDROCARBON LEASE

Upon recommendation of Mr. Bonner, the Director, approved the assignment of 3% of 83.33% or 2.4999% overriding royalty interest in and to the Oil, Gas, and Hydrocarbon Lease listed below to Raymond T. Duncan, 1777 South Harrison Street, Penthouse 1, Denver, CO 80210, by Duncan Exploration Company. The State assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: TOC ROCKY MOUNTAINS INC.--60%, AND
DUNCAN EXPLORATION COMPANY--40%

....ML 40789....

TOTAL ASSIGNMENTS--METALLIFEROUS MINERALS LEASES

Upon recommendation of Mr. Bonner, the Director, approved the assignment of the Metalliferous Minerals Lease listed below to Pioneer Exploration, 6925 Union Park Center, Suite 145, Midvale, UT 84047, by GWH, Inc. No override, but subject to 2% overriding royalty previously reserved. The State assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: GWH, INC.

....ML 40471....

Upon recommendation of Mr. Bonner, the Director, approved the assignment of the Metalliferous Minerals Leases listed below to Pioneer Exploration, 6925 Union Park Center, Suite 145, Midvale, UT 84047, by GWH, Inc. No override.

LEASE OWNERSHIP: GWH, INC.

....ML 40896....ML 40897....

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CORRECTION OF DIRECTOR'S MINUTES OF 11/1/82, 2/7/83, 2/27/84,
AND 8/7/89 -- ML 14034--OIL, GAS, AND HYDROCARBON

It has come to our attention that on the above-mentioned dates, there were various operating rights assignments involving different depths made which need to be clarified regarding ML 14034--Oil, Gas, and Hydrocarbon. When the assignments were made, they were approved as involving the entire lease description, that description being as follows:

Township 2 South, Range 1 East, USB&M. 318.64 acres
Section 7: W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 20: Lots 2, 7, W $\frac{1}{2}$ NE $\frac{1}{4}$
Section 29: NW $\frac{1}{4}$ NE $\frac{1}{4}$

After researching this file, it has been found that when these various operating rights assignments were made, they should only have included the following description:

Township 2 South, Range 1 East, USB&M. 198.64 acres
Section 20: Lots 2, 7, W $\frac{1}{2}$ NE $\frac{1}{4}$
Section 29: NW $\frac{1}{4}$ NE $\frac{1}{4}$

Upon recommendation of Mr. Bonner, the Director approved the above captioned correction.

MERGER AND NAME CHANGE -- WINTERSHALL CORPORATION INTO BASF CORPORATION

This office has received evidence that, effective August 1, 1989, Wintershall Corporation, a Delaware Corporation merged with its affiliate BASF Corporation, also a Delaware Corporation, effective August 1, 1989, and that the name of the surviving corporation is BASF Corporation.

I recommend that the following leases be noted to show this merger and name change:

....ML 28429....ML 29538....ML 39688....ML 39694....ML 39921....ML 40395....
....ML 40408....ML 41954....ML 44077....

Upon recommendation of Mr. Bonner, the Director noted the above captioned name change.

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REQUEST FOR APPROVAL OF THE HORSESHOE BEND COMMUNITIZATION AGREEMENT
NO. 10 FOR THE N2 SECTION 27, T6S, R21E, SLB&M.

TXO Production Corporation, operator of the drilling unit comprising the N2 of Section 27, T6S, R21E, SLB&M., has submitted a request for approval of a communitization agreement covering this acreage. This agreement correctly shows the interest of the State of Utah. The agreement contains 320.00 acres, of which 101.10 acres or 31.59 percent are State of Utah lands.

The following are State of Utah leases in this agreement:

ML 34628	Belco Development Corporation
ML 41232	TXO Production Corporation

These leases have been committed to the agreement.

Upon recommendation of Mr. Bonner, the Director approved Horseshoe Bend Communitization Agreement No. 10.

STATEWIDE BOND OF LESSEE

Ampolex (Texas), Inc. has submitted an \$80,000 State of Utah Statewide Bond of Lessee to cover their oil and gas exploration and development operations on State lands. The Surety is Insurance Company of North America, Bond No. TO 02 01 44 3.

This bond is in order and upon recommendation of Mr. Bonner, the Director accepted Bond No. TO 02 01 44 3.

CHANGE OF PRINCIPAL ON STATEWIDE BOND

On September 16, 1974, the Director accepted a State of Utah Statewide Bond of Lessee from Pacific Gas Transmission Supply Company, in the amount of \$25,000 to cover their oil and gas exploration and development operations on State lands. The Surety is Federal Insurance Company, Bond No. 8063-38-07. On September 14, 1987, the Director accepted a rider changing the Principal on this bond to NGC Energy Company.

In connection with a change in the corporate name from NGC Energy Company to PG&E Resources Company, PG&E Resources Company has submitted a surety rider changing the Principal on this bond from NGC Energy Company to PG&E Resources Company.

Upon recommendation of Mr. Bonner, the Director approved the change of Principal on the above captioned bond.

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REQUEST FOR RELEASE OF STATEWIDE BOND

On January 23, 1984, the Director accepted a \$25,000 State of Utah Statewide Bond of Lessee from Paiute Oil and Mining Corporation and T.W.T. Exploration Company, Inc. to cover their oil and gas exploration and development operations on State lands. The Surety is The Aetna Casualty and Surety Company, Bond No. 19 S 44570 BCA.

The Aetna Casualty and Surety Company has requested release of this Bond. The Paiute Oil and Mining Corporation State 2-1A Well, under State of Utah Oil, Gas, and Hydrocarbon Lease ML 21181 with coverage provided by this bond, has been transferred to Gavilan Operating, Inc. The State 2-1A Well will now be covered under an \$80,000 Treasury Note from Gavilan Operating, Inc.

Upon recommendation of Mr. Bonner, the Director approved the release of Bond No. 19 S 44570 BCA.

REQUEST FOR RELEASE OF OIL AND GAS DRILLING BOND

On October 31, 1988, the Director accepted a \$20,000 Bond from Mono Power Company to cover oil and gas exploration and development operations under State of Utah Oil, Gas, and Hydrocarbon Lease ML 18671. The Surety is Safeco Insurance Company of America, Bond No. 554-1685-001.

Safeco Insurance Company has requested release of this bond. A recent inspection visit to the Black Horse Canyon No. 14-2-15-23 Well, for which this bond provided coverage, showed the well to be plugged and the location to be properly cleaned up, reclaimed, and recontoured.

Upon recommendation of Mr. Bonner, the Director approved the release of Bond No. 554-1685-001.

CORRECTION OF NOVEMBER 13, 1989, MINUTES, MLA 44615

The minutes of Nov. 13, 1989, should be corrected to indicate rejection of Lot 5 as contained in MLA 44615 Oil, Gas, and Hydrocarbon, because this lot is not State land. The total approved acreage in this application will then be 309.60 acres and the applicant should be refunded an additional \$35 rental for a total refund of \$90.

Upon recommendation of Mr. Blake, the Director approved the above captioned correction and refund of \$90.

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REQUEST FOR WITHDRAWAL OF MLA 44615--DENIED

On November 29, 1989, Standard Energy Corporation and Yellow Ribbon Inc., filed a written request to withdraw MLA 44615 and receive a refund of \$400 paid in advance rentals. This application was partially approved by the Director on November 13, 1989. Mr. Blake recommends that withdrawal be granted because of the Division's failure to accept all aspects of the applicant's offer to lease. Rule R632-20-19 of the Division rules, however, specifies that if a withdrawal request is received after approval, then unless the applicant accepts the offered lease, all money tendered is forfeited to the State.

The Director denied the request for withdrawal of MLA 44615 because this application was partially approved on November 13, 1989.

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SURFACE BUSINESS MATTERS

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GRAZING PERMITS

GRAZING PERMIT APPLICATIONS

GP 22756
TOWN OF FREDONIA
PO BOX 217
FREDONIA AZ 86022

320.00 Acres \$27.31 per annum \$20.00 application fee 10 Years

County(s) Kane

5/01/89 Beginning Date

T 43 S, R 7 W, SLB&M
SEC. 16: S2

Upon recommendation of Mr. Carter, Mr. Klason approved GP 22756.

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ASSIGNMENT OF GRAZING PERMIT NO. GP 22689

Blanche Mackleprang (Deceased) c/o Roy Mackleprang, has requested permission to assign 100% of his interest in the above grazing permit to Corp. of the President, LDS Church, 50 East North Temple, Salt Lake City, Utah 84150. The Division has received documentation from the Sixth Judicial District Court, in and for Kane County, State of Utah, that Roy Mackelprang was duly appointed as General Personal Representative of the estate. The \$20.00 assignment fee has been submitted.

Upon recommendation of Mr. Carter, Mr. Klason approved the assignment of GP 22689.

RIGHTS OF WAY

RIGHT OF ENTRY NO. 3473

On December 4, 1989, Mr. Kevin Carter, Southwestern Area Land Specialist, pursuant to R632-40-2, approved a request from UTAH ASSOCIATION OF MUNICIPAL POWER SYSTEMS, P.O. Box 5003, Sandy, Utah, 84091, for a right of entry to perform preliminary survey work prior to submitting an application for a powerline easement:

T42S, R14W SLB&M
Section 7

T42S, R15W SLB&M
Sections 5,8,9,10,11,12,16, & 17

The fee for this right of entry is the minimum fee of \$150.00, plus a \$50.00 application fee, totaling \$200.00; school fund. Expiration date: April 30, 1990.

In accordance with direction and delegation from the Director, Mr. Carter approved Right of Entry 3473 with an expiration date of April 30, 1990.

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SOVEREIGN LANDS

SOVEREIGN LANDS GENERAL PERMIT NO. 0012

NAME OF LESSEE:

BUREAU OF LAND MANAGEMENT
PO BOX M
MOAB, UT 84532

LESSEE #: 4849
RECORD OF DECISION NO. 89-1120-SULA 0012

LEASE TYPE: SOV
DATE OF APPLICATION: 11/03/89
BEGINNING DATE: 11/01/90
APPROVAL DATE: 12/04/89
ACRES: 0.09
RENTAL: n/a
COUNTY: GRAND
DATE RENTAL RECEIVED: n/a

DUE DATE: 1301
APPLICATION FEE: \$50.00
EXPIRATION DATE: 12/31/99
REASSESSMENT DATE: n/a
FUND: SCHOOL
TERM OF LEASE: 10 YEARS
PAYMENT AMOUNT: n/a

LEGAL DESCRIPTION:

T25S, R22E, SLB&M
Section 4: SW4NW4 (within Lots 4 & 5)
Section 5: SE4NE4 (within Lot 1)

COMMENTS:

The use of the above described land for paving of the boat ramp is commensurate to the public benefit that accrues from such use. Therefore, in accordance with R632-70-9(1), no rental fee will be charged for this public agency use of sovereign land. This permit will also legitimize the existing boat ramp use on the Colorado River.

Sovereign Lands General Permit No. 0012 was approved by the Director on December 4, 1989, and is submitted by Mr. Grosjean on these minutes for record keeping purposes.

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MATERIALS PURCHASED

MP 89 (Cancellation Correction)

The above numbered permit was cancelled on the November 13, 1989, Director's Agenda for non-payment. The permittee was working with the staff on getting the reclamation bond and rental payment on this permit and the permittee was granted a grace period until November 1 to get the payments in. As the permittee and staff are and were working on the bonding and rental problem and the rental has been paid, this permit was cancelled in error and the minutes should be corrected to show this.

Upon recommendation of Mr. Brown, the Director approved the cancellation correction for MP 89.

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<u>INTEREST RATE</u>	<u>CURRENT YEAR</u>	<u>YEAR AGO</u>
Base Rate	10.50	10.50

for 

PATRICK D. SPURGIN, DIRECTOR
DIVISION OF STATE LANDS/FORESTRY



LESLIE M. WARNER, RECORDS SUPERVISOR

ARCHIVES APPROVAL NO. 7900209

12/4/89 1w

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